

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 288 - SB 1175

February 12, 2023

SUMMARY OF BILL: Increases the maximum allowable compensation for members of the board of directors (Board) of the Tellico Reservoir Development Agency (TRDA) from \$70 to \$300, per regular meeting and from \$53 to \$225, for meetings of committees of the Board. Increases the threshold at which sealed bids are required for purchases and contracts from \$2,000 to \$50,000.

FISCAL IMPACT:

Increase Local Expenditures –

**Up to \$13,000/FY23-24 and Subsequent Years/Permissive/
Tellico Reservoir Development Agency**

Decrease Local Expenditures –\$1,700/FY23-24 and Subsequent Years/

Tellico Reservoir Development Agency

Assumptions:

- Pursuant to Tenn. Code Ann. § 64-1-702, the TRDA's Board consists of nine members who must meet at least once quarterly.
- Based on information provided by the TRDA, over the past five fiscal years the Board has met an average of five times per year and there have been approximately two meetings of committees of the Board each year.
- The average amount of compensation per member for a regular meeting was \$55 and for a meeting of a committee of the Board was \$29.
- The proposed legislation will result in a maximum increase in compensation of \$245 for regular meetings (\$300 new maximum - \$55 current rate) and \$196 for committees of the Board (\$225 new maximum - \$29 current rate) per meeting, per commissioner.
- There will be an increase in expenditures up to \$11,025 (\$245 x 5 meetings x 9 members) for regular meetings of the Board and \$1,960 (\$196 x 2 meetings x 5 members) for meetings of committees of the board.
- Beginning in FY23-24, there will be a recurring, permissive increase in local expenditures up to \$12,985 (\$11,025 + \$1,960).
- Pursuant to Tenn. Code Ann. § 64-1-711, all purchases and contracts of goods or services in excess of \$2,000 entered into by the TRDA shall be based on competitive bidding and solicited through advertisement in a newspaper of general circulation at least twice in a newspaper of general circulation.

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- The proposed legislation would require a purchase or contract between \$10,000 and \$50,000 to be accompanied by at least three written quotes, if possible, and would require purchases in excess of \$50,001 to be based on competitive bidding.
- Requiring purchases between \$10,000 and \$50,000 to be accompanied by three written quotes, if possible, will not result in any significant fiscal impact to the TRDA.
- Increasing the bid threshold will lead to fewer required newspaper advertisements.
- Based on information provided by the TRDA, over the past five fiscal years there were an average of 10 equipment purchases and 5 capital projects that exceeded the \$2,000 threshold.
- It is assumed that upon passage of the proposed legislation, the TRDA would experience a decrease of 15 newspaper publications (10 equipment purchases + 5 capital projects) each year.
- Based on responses to the 2017 Local Government Survey conducted by the Fiscal Review Committee staff, participating local government officials reported the average cost for a newspaper notification is \$114.
- The proposed legislation will result in a mandatory recurring decrease in local government expenditures of \$1,710 (\$114 x 15 publications) beginning in FY23-24.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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